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TAGS: [OVIP](#) [BURNS](#) [WILLIAM](#) [PREL](#) [PGOV](#) [PHUM](#) [ECON](#)  
EFIN, KN, CH  
SUBJECT: U/S BURNS MEETS WITH CHINESE SCHOLARS, DISCUSS  
POTUS TRIP, CHINESE ATTITUDES, ECONOMIC RESTRUCTURING,  
CLIMATE TALKS, NORTH KOREA

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11. (SBU) December 9, 2009; 11:30 a.m.; Beijing

12. (SBU) Participants:

U.S.  
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Under Secretary Burns  
David Shear, EAP Deputy Assistant Secretary of State  
William Weinstein, Economic Minister-Counselor, Embassy  
Beijing  
Laura Stone, Economic Officer, Embassy Beijing (notetaker)

CHINA  
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Yu Yongding, Director, Chinese Academy of Social Sciences  
Institute of World Economics and Politics  
Ding Kuisong, Vice Chairman, China Reform Forum.

13. (SBU) Summary: U/S Bill Burns met on December 9, 2009 with prominent Chinese pundits Yu Yongding, Director of the Chinese Academy of Social Sciences Institute of World Economics and Politics, and Ding Kuisong, Vice Chairman of the China Reform Forum. The scholars offered a wholly positive assessment of the recent POTUS visit, and challenged the idea that the trip had proved that China was now the full equal of the still-robust United States. They agreed that China's younger generation was more confident with a larger role for China, and were easily provoked by negative foreign media reporting. China faced serious economic problems, including the need to readjust its economy to become less dependant on exports. Politically, the leadership sought methods to deal with local officials' abuse of power, and was experimenting with greater intra-Party democracy and press freedom. On the international stage, Beijing was serious about addressing climate change, and aimed to bring Pyongyang back to Six-Party talks. End Summary.

Positive Review of POTUS Visit  
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14. (SBU) Dr. Yu stated that the President's visit had been very popular in China. He noted that the trip had emphasized to many Chinese the fact that, in the long run, China and the United States shared many common interests. Dr. Ding agreed, commenting that this trip represented a broadening of the relationship. While past visits had focused on narrow bilateral concerns, this time the two sides also discussed regional and multilateral cooperation including the Six-Party talks, climate change, and Afghanistan. Dr. Ding asserted

that the visit had accomplished two important goals: introducing the leaders, and consolidating the overall relationship.

China not Equal of US

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**¶15.** (SBU) Turning to the press reaction in China, Dr. Ding noted that some "nationalist hard-line" voices claimed that the POTUS trip had proved that China was now equal in stature to the United States. Ding disagreed with this assessment, arguing that the meeting was not so much a "G-2" session as an attempt to coordinate policies. Dr. Yu agreed that most older scholars could not see another country sharing the United States' pre-eminent place on the global stage, although a few large countries like China, India, and maybe Canada and Australia, could grow into more important roles over decades. Dr. Ding affirmed that, for China, the Sino-U.S. relationship was still China's most important foreign engagement.

**¶16.** (SBU) A bemused Dr. Yu noted that, of late, Chinese scholars had spent much of their time at academic conferences defending the United States from American academics anxious to bemoan America's downfall. He claimed that, economically, the United States was still young and strong. Although the United States was going through a period of economic adjustment, Dr. Ding expressed great confidence that the U.S. economy's fundamentals were sound, and the United States would find new technologies to reinvigorate certain industries and drive growth.

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But Youth More Confident

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**¶17.** (SBU) Both academics agreed that China's younger generations were much more confident about China's power and place in the world, although they resisted calling this impulse "nationalistic." Dr. Yu praised China's youth, noting that they were somewhat spoiled, but also much more community-minded and courageous than their elders. He offered the great outpouring of aid and volunteerism after the 2008 Sichuan earthquake as an example of their higher expectations for both themselves and their leaders.

**¶18.** (SBU) Dr. Ding explained that these more savvy and confident youths were not willing to see China treated as a "second-class citizen" by the foreign media. Events such as the negative foreign coverage of the Olympic torch relay had provoked real anger, which was fanned by market-oriented Chinese media anxious to sell papers. He credited the problem, in part, to foreign journalists who came to China for a several-year tour without Chinese language skills and ended up talking only to fellow journalists "and a few dissidents." While he did not have a much higher opinion of Chinese journalists overseas, he noted that they at least spoke English.

China's Problems

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**¶19.** (SBU) Dr. Yu asserted that China was currently facing a host of long-term structural economic problems. He cited China's overinvestment in production, resulting in overcapacity that had been painfully revealed by the downturn in export demand. The only way to utilize this capacity was to stimulate domestic consumption, and re-orient investment towards non-tradable services such as hospitals that could provide care to China's aging society. Dr. Ding noted that readjustment would not be quick, since incomes remained low and people lacking social safety nets were loathe to spend money. Dr. Yu felt that the Chinese economy's debt levels were still low enough to provide some cushion until the economy could readjust. He several times asserted that China

had to allow the RMB to appreciate in order to redirect investment into such domestically-oriented sectors.

**¶10.** (SBU) Dr. Ding also raised the hot topic of land and real estate seizures as a social stability problem. (Note: In the last few weeks there have been some well-publicized cases of clashes and protests, including a self-immolation, resulting from local government seizures of land for redevelopment). Dr. Ding noted that local governments had a large financial stake in real estate, and as property prices climbed the risk of conflicts with quasi-legal land occupants rose.

Corruption, Democracy, Free Press

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**¶11.** (SBU) Dr. Ding asserted that the leadership was promoting "democracy," and more specifically "democracy within the Party" as a way of controlling the behavior of local officials. He also claimed that the Chinese media was increasingly free to report on local corruption, sometimes giving the impression that corruption was on the rise when in fact it was just more widely reported. As the leadership sought new mechanisms to control individual officials, they were also broadening the decision-making process, allowing a greater number of non-governmental entities to be involved in creating new policies.

Government Serious on Addressing Climate Change

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**¶12.** (SBU) Dr. Yu stated that the Chinese government believes that climate change and pollution pose a real threat to China. Dr. Ding acknowledged that China is the world's largest emitter, but pleaded with the developed world to share their technology with China in the spirit of "cooperation not competition." He reiterated that China had made hard commitments to reduce emissions by 40 percent.

China Trying to Get DPRK to Table

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**¶13.** (SBU) Dr. Ding advocated promoting a multilateral approach to North Korea through the Tumen River development project, but said China had been stymied by South Korea's lack of enthusiasm for the project. He stated that China was trying hard to bring the North back to the Six-Party talks, casting the recent visits by China's Premier and Defense Minister as attempts to persuade Pyongyang to re-engage. He welcomed direct US-DPRK talks, noting that even if nothing was accomplished, "at least you're talking."

**¶14.** (U) U/S Burns cleared this message.  
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